

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

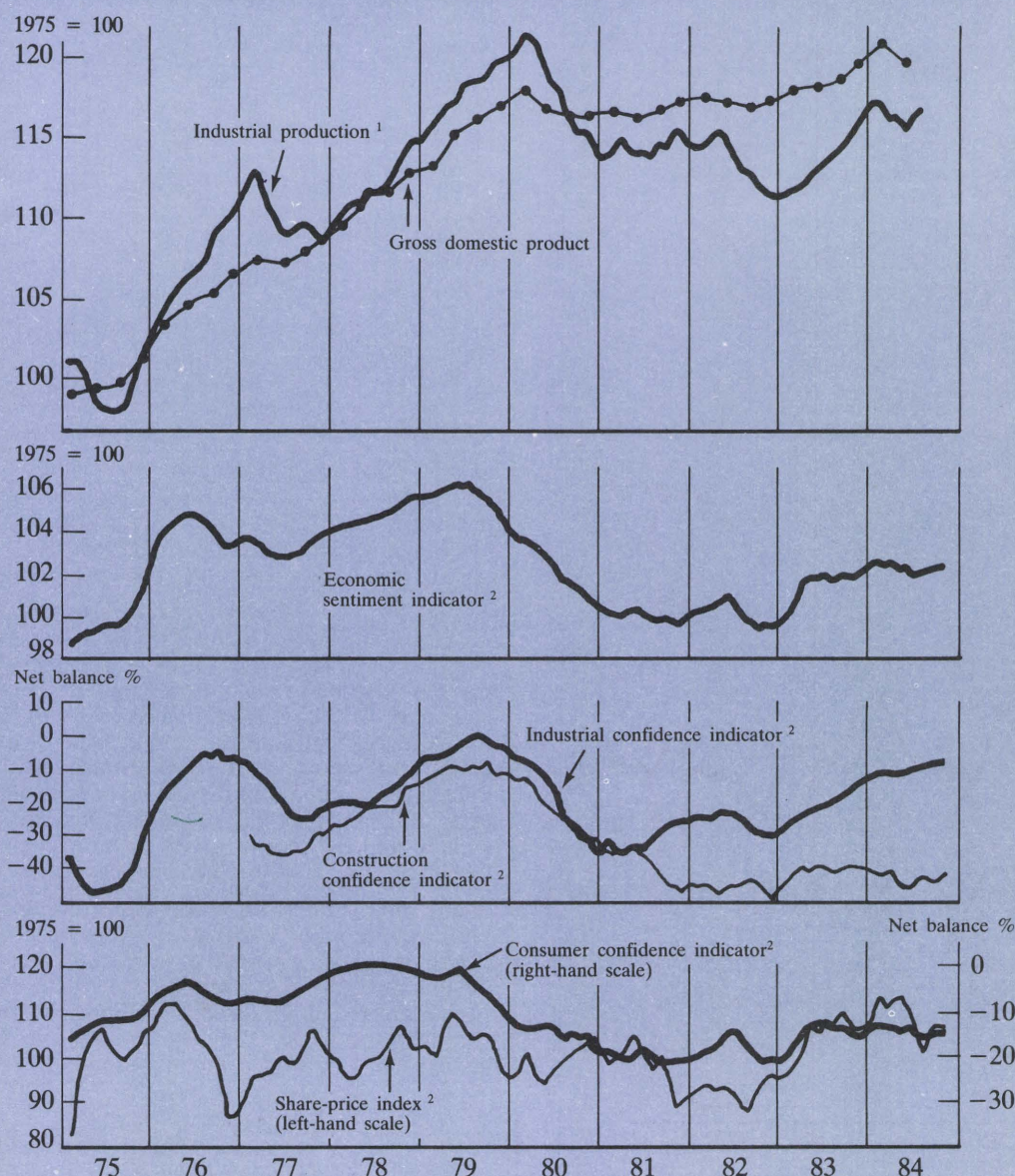
Supplement B — No 11 — November 1984

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Business survey results

*This month :
Quarterly data on capacity utilization
and order situation*

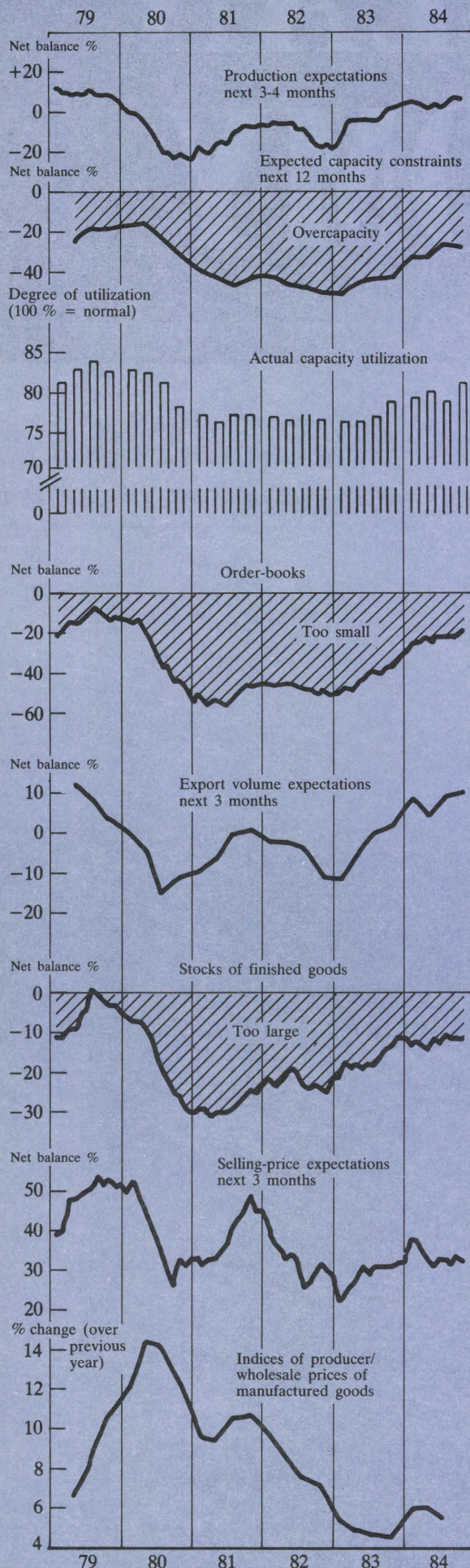
GRAPH 1 : Indicators of output and economic sentiment — European Community



¹ Three-month moving average.

² See notes to Table 6.

GRAPH 2 : Indicators of output, demand and prices in industry — European Community



Higher degree of capacity utilization in industry. — Capacity utilization in European industry reached 81,4 % in the 4th quarter 1984 compared to 79,0 % in the preceding quarter. This is the highest level since autumn 1980. It is only 2,5 points below the cyclical peak of 1979 suggesting that relatively small slack is left in the economy which, in turn, is underlining the need for capital-widening investment. Capacity utilization has increased particularly strongly in the Federal Republic of Germany (by almost 6 % points), which is to a large extent due to catching-up effects after the end of the metal workers strike. The degree of capacity utilization in the United Kingdom (84,5 %) ⁽¹⁾ and in the Netherlands (83,7 %) was even higher than in Germany. In Denmark, the number of industrialists — on balance — expecting to have excess capacity has rapidly decreased — in effect to zero on average by the fourth quarter of 1984. In Dutch industry also, the expected margin of excess capacity has almost disappeared and in Germany it has become significantly less pronounced (20 % of the companies compared with 35 % in the 4th quarter 1983). On the other hand, the present degree of capacity utilization is still at a rather low level in Ireland, Italy and Belgium and will only improve moderately in these countries during the next 12 months, according to companies' expectations.

In France and Luxembourg, the present capacity utilization is close to the Community average, but more than one third of the companies still expect overcapacity in the next 12 months. In the United Kingdom, where capacity utilization is relatively high at the moment — in spite of the effects of the miners' strike — the percentage of companies expecting a deterioration has slightly increased.

Production expectations in industry point upwards. — The expected further improvement in the degree of capacity utilization in the average of the EEC manufacturing industry in the Community as a whole is supported by the trend of companies' production expectations. However, in October the survey results suggested that the speed of further production increases will slow down somewhat, caused mainly by the weakening of catching-up effects in the Federal Republic of Germany after the end of the metal workers' strike. Slightly lower rates of growth are also expected for the next months in the Netherlands, in the United Kingdom, in Denmark and in Italy. In Belgium and in Luxembourg, the future trend of production will be flat and show even a slight decrease in France, according to the companies' plans.

Exports continue to fuel the upswing. — In all member countries — with the exception of France — a further increase in export volume is expected in the next 3 months. The export outlook is particularly bright in Germany and in the United Kingdom.

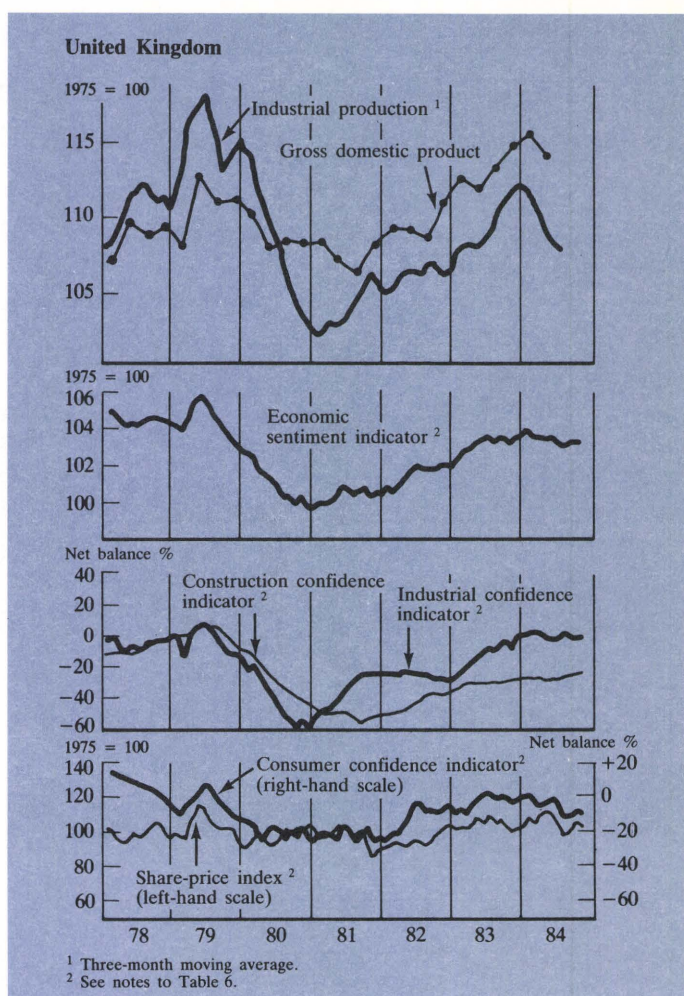
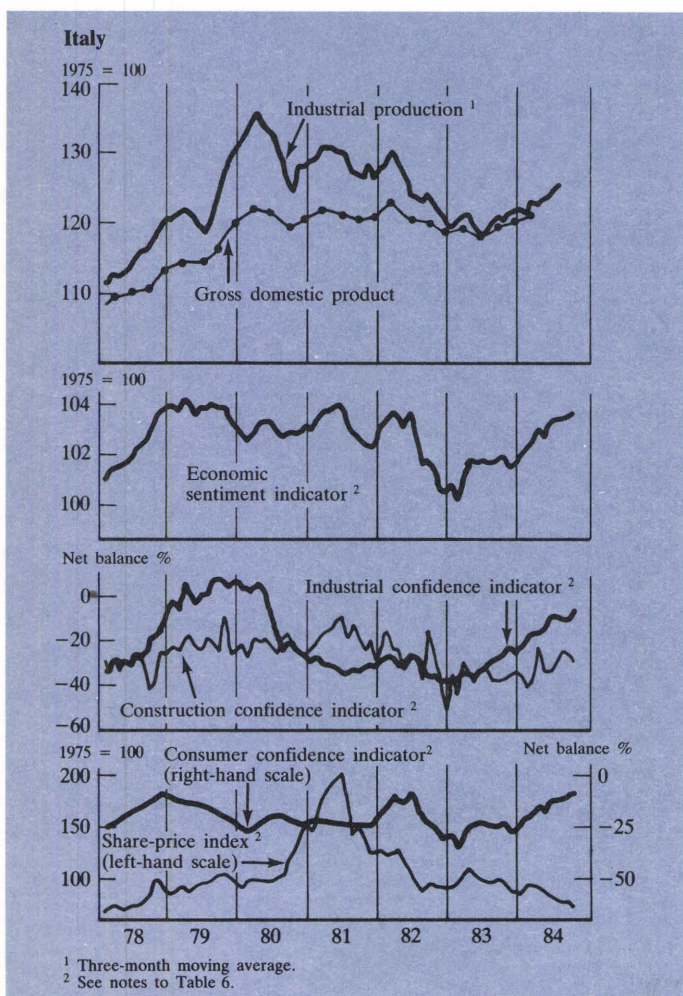
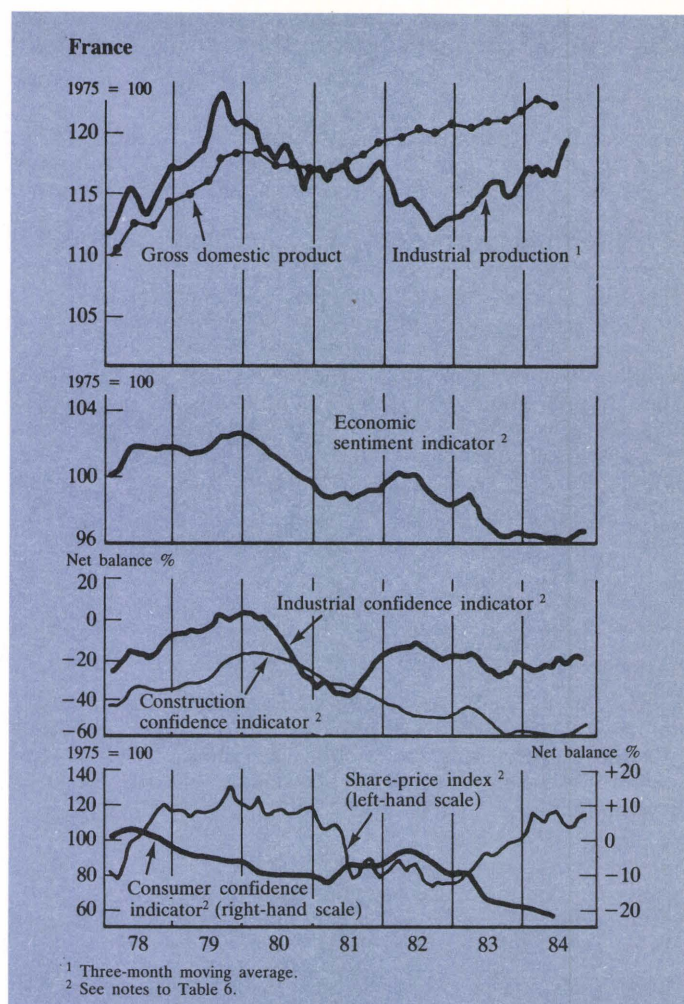
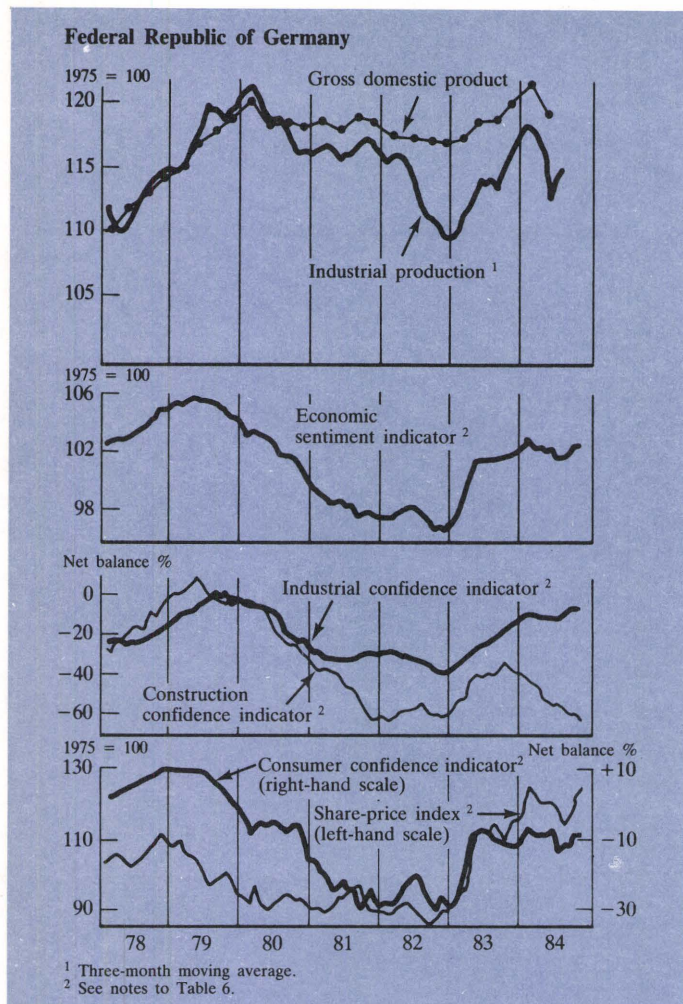
Stocks of finished goods on normal level. — On balance, only one out of ten European manufacturing companies regards present stocks of unsold goods as too large. In Denmark, there even exists a shortage of stocks in industry as a whole (most pronounced in the sector of capital goods).

No acceleration of prices to be expected. — The rise in producers' selling-prices for industrial goods slowed down again in the 3rd quarter of 1984 after a slight acceleration in the first half of 1984. Compared with the corresponding period in the previous year, industrial prices in the Community were up 5,8 % in the 3rd quarter of 1984. Selling-price expectations point to a roughly unchanged rate of inflation during the coming months. An expected slight increase in the rate of change in the United Kingdom, in Luxembourg, Ireland and Belgium is offset by an expected deceleration in Germany and also in Italy and France.

Slight improvement in construction industry. — The order-book situation in construction has become somewhat less negative, starting from a very low level, however. The development in all member countries is characterized by a slight improvement, except in Germany, where 3 out of 4 companies consider their order-books to be too small and almost every second company intends to reduce the number

⁽¹⁾ The value for the United Kingdom is estimated using the national (Confederation of British Industry) data on the percentage of firms reporting below-capacity working.

GRAPH 3 : Indicators of output and economic sentiment in seven Member States



of employed persons in the coming months. The depressed situation in German construction industry is also reflected in the expected continued downward trend of prices. In the other member countries, construction prices will remain stable or, in the case of the United Kingdom and Italy, increase slightly.

The economic sentiment indicator improved further. — For the 4th consecutive month, the composite indicator continued its recovery, its upward trend having been interrupted in the Spring of 1984. The slight improvement of the EEC-indicator in October resulted from the more positive development in Germany and Ireland. In most of the other member countries, the composite indicator remained unchanged; only in the Netherlands was a small decline observed. Focussing on the components of the composite indicator, the improvement resulted mainly from the increase in share prices and the slight improvement of the sentiment indicators in construction and in industry. The 4th component of the global indicator, consumer confidence, remained unchanged.

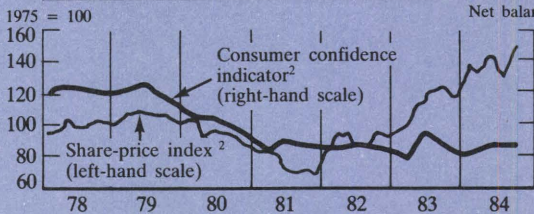
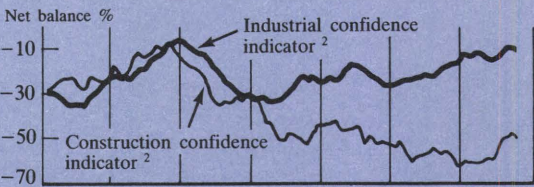
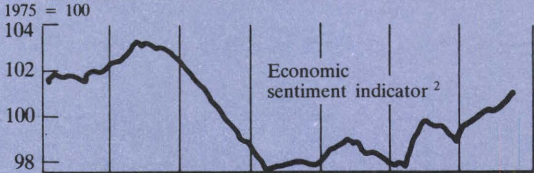
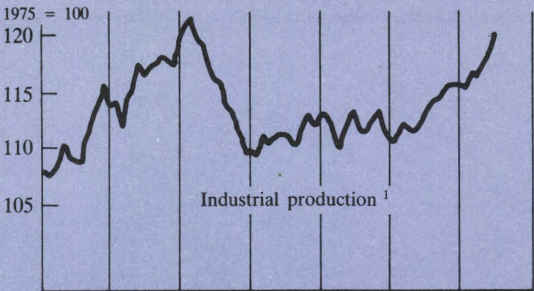
14 November 1984

Note to readers

The past values of the economic sentiment indicators have changed slightly due to the revision of the standardization factors. Such factors are applied to standardize the variations of the components of the composite indicator in each country and of the composite indicators themselves.

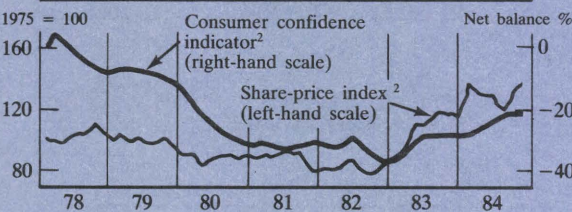
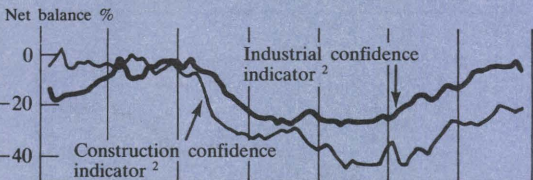
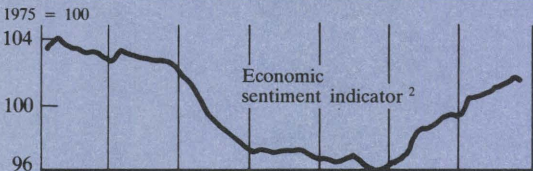
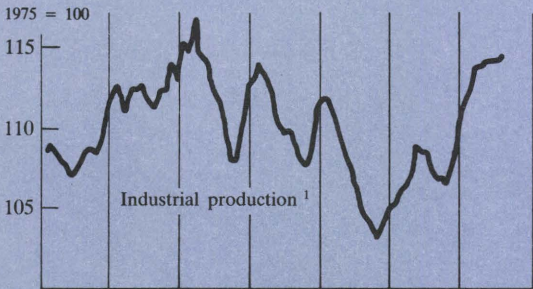
Readers interested in receiving long-time series of the revised composite indicators for the EEC and the member countries should write to : Commission of the European Communities, DG II-C-3, Berlaymont 7/20, rue de la Loi, 200, 1049 Brussels, Belgium.

Belgium



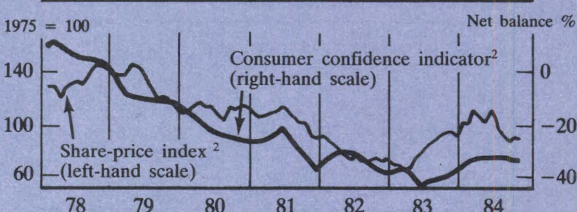
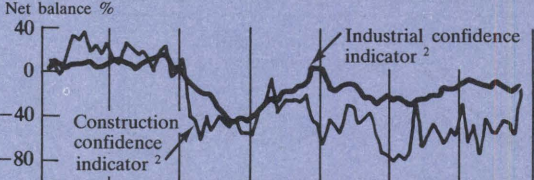
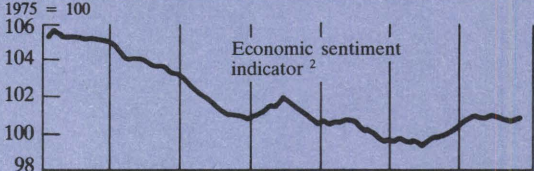
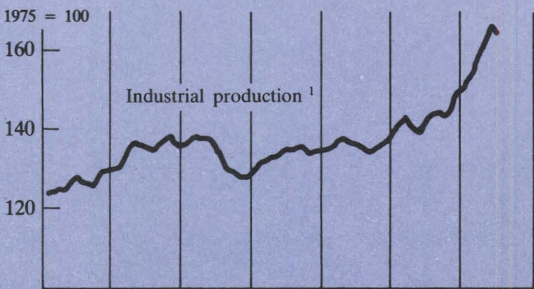
¹ Three-month moving average.
² See notes to Table 6.

The Netherlands



¹ Three-month moving average.
² See notes to Table 6.

Ireland



¹ Three-month moving average.
² See notes to Table 6.

TABLE 1: New orders in manufacturing industry (a) (s.a.)

Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1981	1982	1983	1982			1983				1984			
				II	III	IV	I	II	III	IV	I	II	III	IV
B	-13	-6	-2	-7	-1	-11	-8	+3	-3	-1	-5	-8	-7	-8
DK	-4	0	+13	+3	+5	-1	+21	-10	+15	+24	+29	+29	+26	+36
D	-14	-17	+9	-10	-12	-26	-8	+11	+14	+17	+10	+3	+10	+7
F	-29	-13	-19	-12	-7	-20	-21	-19	-22	-16	-22	-15	-17	-15
IRL	-16	-31	-25	-16	-40	-46	-44	-40	-9	-16	-3	-6	+5	-10
I	-14	-16	-10	-15	-10	-14	-18	-16	-9	-1	+2	-1	+4	+5
L	-33	-33	-1	-12	-42	-67	-49	+18	+18	+3	+4	-9	+10	+6
NL	-2	+1	+4	0	+8	0	0	+1	+14	+1	+19	+5	+3	0
UK	:	-15	+7	-16	-19	-21	-14	+7	+14	+19	+19	+15	+16	+18
EC (c)	-18	-14	-1	-12	-11	-20	-13	-1	+2	+6	+3	+1	+3	+3

TABLE 2: Export volume expectations in manufacturing industry (a) (s.a.)

Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1981	1982	1983	1982			1983				1984			
				II	III	IV	I	II	III	IV	I	II	III	IV
D	-3	-6	-7	-0	-6	-15	-14	-10	-4	+1	+8	+2	+13	+16
F	-17	-15	-14	-16	-13	-21	-19	-13	-14	-8	-7	-11	-1	-5
IRL	0	+3	-1	0	+11	+2	-8	-7	+10	0	+9	+17	+27	+6
I	+4	-2	-2	0	0	-10	-10	-6	0	+8	+11	+12	+10	+9
L	-35	-32	-18	-3	-62	-64	-69	-16	+3	+11	+7	0	+6	+13
NL	+2	+3	+9	+8	+1	+4	-3	+12	+11	+14	+20	+16	+2	+10
UK	:	0	+7	+2	-2	-5	+1	+9	+8	+9	+17	+14	+15	+20
EC (c)	-4	-5	-3	-2	-5	-11	-10	-4	-1	+3	+9	+5	+9	+11

TABLE 3: Estimated number of months' production assured by orders on hand in manufacturing industry (a) (s.a.)

	Range (b)		1981	1982	1983	1982		1983				1984			
	Peak 1973	Trough 1975				III	IV	I	II	III	IV	I	II	III	IV
B	4,5	2,8	3,4	3,4	3,1	3,4	3,4	3,3	3,2	3,1	3,0	3,3	3,4	3,4	3,3
DK	3,3	2,8	2,9	2,7	2,6	2,7	2,6	2,6	2,6	2,6	2,7	2,6	2,8	2,8	2,9
F	3,5	2,7	3,6	3,5	3,2	3,7	3,4	3,3	3,2	3,2	3,0	3,2	3,1	3,0	3,0
IRL	2,2	1,8	2,0	2,0	1,7	1,9	1,7	1,9	1,7	1,6	1,7	1,9	1,6	2,4	1,7
I	4,7	3,7	4,0	4,2	4,1	4,1	4,2	4,8	4,0	3,8	4,0	3,9	4,2	4,5	4,4
L	3,5	1,4	2,3	1,9	1,9	1,8	1,8	1,7	2,1	1,7	2,0	1,9	1,8	1,8	2,1
NL	4,7	2,6	3,7	3,7	2,6	3,9	3,0	2,6	2,5	2,5	2,8	2,7	2,8	2,9	3,1
UK	:	:	2,8	3,0	3,0	3,1	3,0	2,9	3,1	3,0	3,0	2,9	3,1	3,0	3,0
EC (c)	3,7	3,0	3,2	3,3	3,1	3,3	3,1	3,1	3,0	3,0	3,0	3,0	3,1	3,1	3,2

TABLE 4: Expected capacity constraints in manufacturing industry: i.e. net balance of respondents expecting capacity to be more than sufficient in relation to production expectations (a)(d)(s.a.)

	Range (b)		1981	1982	1983	1982		1983				1984			
	Peak 1973	Trough 1975				III	IV	I	II	III	IV	I	II	III	IV
B	-12	+58	+49	+39	+37	+36	+38	+40	+40	+35	+36	+31	+34	+29	+28
DK	:	:	+32	+35	+34	+38	+36	+33	+32	+34	+36	+21	+16	+2	0
D	-3	+56	+34	+42	+42	+43	+48	+49	+47	+40	+35	+29	+24	+22	+20
F	-24	+45	+42	+37	+42	+35	+37	+38	+39	+42	+48	+42	+44	+34	+36
IRL	:	+34	+29	+34	+34	+29	+40	+38	+33	+38	+29	+26	+31	+24	+39
I	+1	+63	+45	+47	+54	+46	+54	+58	+54	+54	+55	+46	+40	+30	+30
L	-72	+73	+59	+60	+59	+58	+62	+59	+60	+57	+58	+51	+51	+46	+45
NL	-3	+60	+35	+47	+30	+51	+41	+38	+30	+28	+23	+20	+13	+10	+6
UK	:	:	:	+60	+51	+61	+63	+63	+49	+47	+43	+34	+31	+30	+32
EC (c)	-7	+54	:	+45	+45	+45	+48	+50	+44	+42	+41	+35	+32	+26	+27

TABLE 5: Capacity utilization in manufacturing industry (%) (a) (s.a.)

	Range (b)		1981	1982	1983	1982		1983				1984			
	Peak 1973	Trough 1975				III	IV	I	II	III	IV	I	II	III	IV
B	85,4	70,4	74,5	75,7	75,7	76,4	76,8	76,2	75,6	75,4	76,3	75,5	75,2	76,5	77,0
D	88,1	74,8	79,1	77,2	77,0	77,4	75,3	75,4	75,7	77,6	79,1	80,6	81,4	76,6	82,4
F	87,8	76,6	81,6	81,6	81,6	82,0	81,9	82,0	81,4	81,1	82,4	81,5	82,1	81,9	82,0
IRL	:	:	60,8	59,1	58,1	58,9	57,9	56,8	59,6	57,8	57,8	59,9	59,9	63,0	63,0
I	78,8	68,0	73,0	71,9	70,1	72,2	72,2	70,4	70,1	69,1	70,4	70,8	71,2	72,2	73,5
L	:	:	73,5	78,0	70,7	79,6	77,4	73,4	70,0	66,8	72,4	74,5	75,7	78,8	81,7
NL	86,0	76,0	78,5	76,7	79,5	75,8	77,7	78,1	79,2	79,9	80,8	80,6	82,2	83,0	83,7
UK (e)	90,6	75,5	72,7	74,2	76,7	75,0	74,8	74,9	75,9	77,2	78,3	80,2	81,6	83,3	84,5
EC (f)	86,4	75,0	77,4	76,9	77,2	77,3	76,6	76,5	76,5	77,2	78,7	79,4	80,2	79,0	81,4

(a) Details of the questions are given on the last page.

(b) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1973 and 1975, respectively.

(c) Weighted total of available country data.

(d) Answers to the questions whether, taking into account the level of order-books or production, capacity is more than sufficient (+), sufficient (=) or less than sufficient (-). Thus, negative net balances (capacity less than sufficient) indicate high levels of capacity utilization and positive net balances (capacity more than sufficient) are associated with low levels of capacity utilization.

(e) The series for the United Kingdom are estimated using the national (Confederation of British Industry) data on the percentage of firms reporting below-capacity working.

(f) Column totals, with country data weighted by volume of industrial production in 1975.

Source: European Community business surveys.

TABLE 6: Indicators of output and economic sentiment

			Trough 1974/75	1981	1982	1983	1983	1984			1984					
							IV	I	II	III	May	June	July	August	Sept.	Oct.
B	<i>gross domestic product</i>	1975=	:	114,5	115,8	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	88,2	111,2	111,2	113,5	115,8	116,5	118,3	:	118,6	121,8	118,8	:	:	:
	1. industrial confidence indicator		-56	-27	-22	-20	-14	-12	-15	-10	-15	-14	-10	-9	-11	-11
	2. construction confidence indicator		-36	-47	-48	-57	-60	-61	-57	-49	-60	-52	-49	-48	-49	-46
	3. consumer confidence indicator ^{1, 4}		-18	-27	-27	-27	-30	-28	-26	:	:	:	:	:	:	-26
	4. share-price index ^{4, 5}		84,9	70,7	86,8	111,7	118,4	132,8	137,8	142,3	139,7	132,7	131,1	144,8	150,0	150,6
	= 5. economic sentiment indicator		99,5	97,9	98,5	99,1	99,1	99,8	100,2	100,9	100,2	100,2	100,5	101,1	101,1	101,1
D	<i>gross domestic product</i> ³	1975=	99,0	118,6	117,2	118,7	120,5	122,0	119,4	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,9	116,3	112,9	113,6	117,0	118,0	112,5	:	117,0	105,2	120,4	118,9	:	:
	1. industrial confidence indicator		-49	-30	-33	-21	-19	-8	-10	-6	-10	-10	-8	-5	-5	-5
	2. construction confidence indicator		-72	-48	-59	-40	-37	-43	-53	-57	-54	-53	-56	-58	-58	-61
	3. consumer confidence indicator ^{1, 4}		-22	-22	-26	-12	-11	-8	-10	-11	-7	-14	-11	-12	-9	-9
	4. share-price index ^{4, 5}		80,0	108,7	108,3	136,9	145,7	155,6	152,7	150,1	153,5	151,5	145,4	148,6	156,0	161,3
	= 5. economic sentiment indicator		98,9	98,4	97,7	101,3	102,3	103,0	102,0	102,3	102,6	101,9	102,0	102,2	102,7	102,8
F	<i>gross domestic product</i>	1975=	98,5	117,7	120,0	120,9	121,6	122,3	122,1	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	86,9	115,5	113,7	114,6	115,5	117,3	116,4	:	118,1	116,4	120,8	120,8	:	:
	1. industrial confidence indicator		-49	-30	-17	-23	-22	-25	-22	-19	-20	-21	-21	-19	-17	-18
	2. construction confidence indicator		:	-36	-49	-52	-57	-58	-60	-56	:	:	-56	:	:	-52
	3. consumer confidence indicator ^{1, 4}		-9	-9	-5	-16	-19	-20	-22	:	:	:	:	:	:	:
	4. share-price index ^{4, 5}		79,8	131,5	131,0	172,3	198,8	225,0	236,1	225,8	241,0	231,9	224,7	227,7	242,3	250,3
	= 5. economic sentiment indicator		98,5	99,2	99,4	97,3	96,3	96,6	96,4	96,6	96,5	96,4	96,3	96,5	96,9	96,9
IRL	<i>gross domestic product</i>	1975=	:	125,8	127,4	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,3	136,2	135,6	144,6	149,8	154,6	166,7	:	163,0	174,0	158,7	:	:	:
	1. industrial confidence indicator		-41	-18	-19	-20	-12	-7	-10	-11	-13	-7	-3	-16	-15	-11
	2. construction confidence indicator		:	-33	-51	-60	-44	-61	-50	-48	-53	-54	-43	-45	-55	-14
	3. consumer confidence indicator ^{1, 4}		-41	-28	-34	-40	-38	-33	-32	-33	:	:	-33	:	:	:
	4. share-price index ^{4, 5}		63,4	219,9	179,9	222,4	272,7	309,6	314,8	285,7	335,2	304,5	285,7	270,8	284,9	284,9
	= 5. economic sentiment indicator		98,1	101,3	100,3	99,9	100,4	101,0	101,0	100,0	101,1	101,0	100,9	100,7	100,7	100,9
I	<i>gross domestic product</i>	1975=	93,1	120,9	120,5	119,0	119,9	121,0	121,9	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	94,7	128,3	124,4	120,3	121,6	122,9	123,5	:	124,6	125,7	124,0	125,7	:	:
	1. industrial confidence indicator		-59	-31	-31	-29	-23	-17	-10	-9	-8	-9	-9	-10	-7	-7
	2. construction confidence indicator		-56	-18	-29	-36	-35	-34	-33	-26	-34	-30	-24	-26	-29	-22
	3. consumer confidence indicator ^{1, 4}		-39	-22	-18	-23	-22	-18	-15	-13	-14	-14	-14	-13	-12	-12
	4. share-price index ^{4, 5}		84,6	160,0	129,9	159,9	161,3	182,9	176,4	180,2	176,1	171,8	173,9	184,4	182,4	181,5
	= 5. economic sentiment indicator		98,9	103,2	102,3	101,6	101,7	102,7	103,2	103,6	103,4	103,4	103,5	103,6	103,8	103,8
NL	<i>gross domestic product</i>	1975=	:	113,1	111,3	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	98,0	110,1	105,6	107,8	109,0	113,8	114,2	:	113,5	115,7	113,5	114,6	:	:
	1. industrial confidence indicator		-44	-25	-26	-16	-12	-7	-4	-3	-4	-4	-3	-5	-1	-6
	2. construction confidence indicator		-47	-32	-41	-35	-27	-27	-23	-21	-23	-20	-21	-21	-22	-21
	3. consumer confidence indicator ^{1, 4}		-19	-31	-32	-30	-28	-26	-23	-19	:	:	-19	:	:	-21
	4. share-price index ^{4, 5}		80,5	98,9	100,0	144,4	158,8	181,0	175,9	178,7	179,4	171,0	169,0	178,6	189,0	195,4
	= 5. economic sentiment indicator		99,5	97,3	96,7	98,7	99,6	100,6	101,1	101,6	101,2	101,2	101,3	101,6	101,9	101,7
UK	<i>gross domestic product</i>	1975=	98,1	107,3	109,7	113,5	114,8	115,6	113,9	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,0	104,2	106,0	109,5	112,0	111,1	108,5	:	108,0	108,6	107,4	107,2	:	:
	1. industrial confidence indicator		:	-33	-25	-10	-3	+2	-2	+1	-2	-3	+3	0	-1	-1
	2. construction confidence indicator		:	-51	-42	-30	-28	-28	-30	-26	:	:	-26	:	:	-23
	3. consumer confidence indicator ^{1, 4}		-33	-21	-12	-2	-1	-2	-2	:	-1	-4	-10	-10	-8	-9
	4. share-price index ^{4, 5}		49,2	237,0	274,6	346,1	357,0	394,1	409,5	399,7	413,6	395,9	378,1	404,3	416,7	421,1
	= 5. economic sentiment indicator		98,6	100,4	101,6	103,2	103,5	103,8	103,5	103,2	103,6	103,3	103,1	103,2	103,3	103,3
EC	<i>gross domestic product</i> ^{2, 3}	1975=	99,0	116,5	117,0	118,4	119,6	120,8	119,5	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,8	114,5	112,7	113,8	115,9	116,8	115,3	:	117,1	114,2	117,3	118,5	:	:
	1. industrial confidence indicator		-49	-31	-27	-20	-14	-11	-11	-8	-10	-10	-9	-8	-8	-7
	2. construction confidence indicator		:	-39	-43	-41	-40	-42	-45	-43	(-46)	(-45)	-42	(-43)	(-44)	-41
	3. consumer confidence indicator ^{1, 4}		-17	-19	-17	-14	-15	-13	-14	-15	-12	-15	-15	-15	-14	-14
	4. share-price index ^{4, 5}		81,8	170,2	187,2	244,3	260,8	284,9	290,2	284,9	292,1	282,5	272,9	286,4	295,5	299,1
	= 5. economic sentiment indicator		98,7	100,0	100,2	101,7	102,2	102,6	102,3	102,2	102,5	102,0	102,1	102,2	102,4	102,5

¹ Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values. For the method of construction of the indicator, see: *European Economy — Supplement C*.

² Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.

³ For the Federal Republic of Germany, gross national product for quarterly data.

⁴ Not seasonally adjusted.

⁵ Revised by Eurostat.

Source: European Community business surveys and Eurostat.

TABLE 7: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

		Range (b)		1981	1982	1983	1983 IV	1984			1984					
		Peak 1972/73	Trough 1974/75					I	II	III	May	June	July	August	Sept.	Oct.
B	production expectations	+31	-56	-26	-18	-16	-6	-2	-5	-2	-4	-4	-2	-1	-2	+1
	order-books	+13	-74	-45	-40	-34	-28	-23	-25	-21	-26	-24	-23	-19	-21	-26
	export order-books	+15	-82	-47	-40	-34	-30	-26	-27	-23	-28	-25	-25	-21	-23	-25
	stocks of finished products	-14	+37	+11	+8	+9	+9	+11	+14	+7	+15	+14	+5	+7	+9	+8
	selling-price expectations	+64	-10	+29	+28	+24	+24	+30	+23	+28	+21	+23	+27	+25	+31	+33
	industrial confidence indicator	+19	-56	-27	-22	-20	-14	-12	-15	-10	-15	-14	-10	-9	-11	-11
DK	production expectations	:	:	-3	+3	+8	+18	+30	+23	+30	:	:	:	:	:	:
	order-books	:	:	-24	-17	-3	+10	+24	+32	+31	:	:	:	:	:	:
	export order-books	:	:	-8	-4	-3	+3	+18	+27	+30	:	:	:	:	:	:
	stocks of finished products	:	:	+19	+16	+9	+3	+2	+9	0	:	:	:	:	:	:
	industrial confidence indicator	:	:	-13	-10	-2	+8	+17	+15	+20	:	:	:	:	:	:
D	production expectations	+17	-32	-17	-20	-2	+6	+7	+1	+8	+2	0	+6	+8	+10	+7
	order-books	-5	-73	-46	-53	-43	-31	-24	-22	-20	-23	-22	-23	-19	-19	-16
	export order-books	:	:	-33	-40	-43	-38	-33	-25	-20	-27	-24	-23	-19	-19	-15
	stocks of finished products	-7	+43	+26	+26	+17	+9	+8	+9	+7	+10	+7	+8	+5	+7	+6
	selling-price expectations	+55	+4	+32	+18	+16	+23	+25	+24	+25	+22	+26	+22	+24	+30	+24
	industrial confidence indicator	+10	-49	-30	-33	-21	-11	-8	-10	-6	-10	-10	-8	-5	-5	-5
F	production expectations	+33	-29	-11	-4	-13	-12	-17	-10	-5	-11	-8	-7	-5	-2	-4
	order-books	+26	-69	-46	-30	-38	-39	-37	-35	-33	-32	-37	-34	-33	-33	-30
	export order-books	+24	-66	-47	-36	-38	-26	-22	-17	-16	-17	-20	-14	-16	-19	-20
	stocks of finished products	-14	+50	+34	+16	+18	+16	+20	+20	+19	+16	+19	+22	+19	+16	+21
	selling-price expectations	+76	+15	+54	+49	+45	+43	+51	+42	+42	+41	+45	+47	+42	+38	+37
	industrial confidence indicator	+29	-49	-30	-17	-23	-22	-25	-22	-19	-20	-21	-21	-19	-17	-18
IRL	production expectations	:	-21	-1	-4	-8	-6	+7	-4	+4	-1	+10	+11	0	+2	+4
	order-books	:	-68	-36	-39	-44	-32	-27	-27	-33	-32	-26	-22	-36	-42	-27
	export order-books	:	-22	+2	-7	0	+14	+11	+11	+2	+4	+21	+15	-7	-3	-6
	stocks of finished products	:	+35	+16	+14	+8	-1	+2	+7	+5	+5	+4	-3	+12	+6	+9
	selling-price expectations	:	+64	+41	+35	+31	+33	+39	+32	+26	+30	+36	+29	+23	+26	+40
	industrial confidence indicator	:	-41	-18	-19	-20	-12	-7	-10	-11	-13	-7	-2	-16	-15	-11
I	production expectations	+40	-43	-16	-15	-11	-6	+5	+9	+11	+12	+8	+7	+9	+16	+14
	order-books	+30	-82	-49	-53	-54	-45	-37	-26	-24	-25	-23	-24	-24	-23	-23
	export order-books	+13	-67	-45	-49	-49	-40	-35	-25	-24	-20	-26	-27	-25	-21	-25
	stocks of finished products	-24	+53	+28	+25	+22	+17	+19	+14	+13	+12	+11	+11	+16	+13	+13
	selling-price expectations	+76	+10	+59	+50	+45	+49	+52	+48	+46	+46	+47	+49	+42	+46	+43
	industrial confidence indicator	+31	-59	-31	-31	-29	-23	-17	-10	-9	-8	-9	-9	-10	-7	-7
L	production expectations	+84	-80	-39	-40	-7	-1	-20	-15	-1	+2	-8	-1	+1	-3	+1
	order-books	:	:	-62	-60	-49	-28	+4	+11	+13	+7	+19	+15	+13	+12	+15
	export order-books	:	:	-81	:	-57	-38	+7	+10	+12	+6	+17	+14	+11	+10	+12
	stocks of finished products	-14	+74	+28	+14	+23	0	+7	+8	+2	+9	+6	+2	+2	+3	+1
	selling-price expectations	:	-46	+60	+10	+24	-6	+24	+15	+30	+19	+29	+31	+30	+28	+34
	industrial confidence indicator	:	:	-43	-38	-26	-9	-3	-4	+3	0	+2	+4	+4	+2	+5
NL	production expectations	+26	-26	-6	-5	0	+5	+6	+7	+7	+7	+6	+5	+4	+11	+3
	order-books	+7	-48	-37	-39	-32	-27	-18	-11	-7	-11	-10	-7	-9	-6	-10
	stocks of finished products	-3	+57	+32	+33	+15	+13	+9	+8	+9	+8	+8	+8	+9	+9	+12
	industrial confidence indicator	+12	-44	-25	-26	-16	-12	-7	-4	-3	-4	-4	-3	-5	-1	-6
UK	production expectations	:	:	-4	+1	+17	+25	+27	+18	+19	+19	+19	+19	+20	+17	+16
	order-books	:	:	-69	-54	-34	-24	-12	-12	-9	-13	-13	-5	-11	-11	-8
	export order-books	:	:	-55	-48	-34	-21	-17	-17	-10	-16	-15	-11	-11	-9	-8
	stocks of finished products	:	:	+27	+23	+13	+9	+9	+12	+8	+12	+14	+6	+9	+10	+10
	selling-price expectations	:	:	+25	+27	+26	+30	+34	+27	+30	+25	+25	+27	+31	+31	+36
	industrial confidence indicator	:	:	-33	-25	-10	-3	+2	-2	+1	-2	-3	+3	0	-1	-1
EC (c)	production expectations	+24	-30	-13	-11	-3	+3	+5	+3	+7	+4	+3	+5	+7	+9	+7
	order-books	+15	-70	-51	-47	-40	-33	-26	-23	-21	-24	-22	-21	-21	-21	-18
	export order-books	:	:	-42	-42	-40	-32	-27	-22	-19	-22	-21	-20	-18	-17	-17
	stocks of finished products	-10	+48	+28	+22	+16	+12	+13	+13	+11	+12	+12	+10	+11	+11	+11
	selling-price expectations	+64	+9	+40	+32	+30	+33	+38	+33	+32	+31	+34	+33	+32	+34	+32
	industrial confidence indicator	+16	-49	-31	-27	-20	-14	-11	-11	-8	-11	-10	-9	-8	-8	-7

(a) The indicator is an average of the responses (net balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(c) Not including Greece, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Greece at the beginning of 1981).

Note: (s.a.) = seasonally adjusted.

: = not available.

The annual and quarterly figures are averages of the corresponding monthly data. The seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

TABLE 8: Survey of the construction industry

Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

	Range (c)		1981	1982	1983	1983 IV	1984			1984					Oct.
	Peak 72/73	Trough 74/75					I	II	III	May	June	July	August	Sept.	
B order-books	-13	-47	-53	-61	-73	-74	-72	-69	-66	-71	-63	-63	-66	-68	-66
employment expectations	+31	-24	-41	-36	-41	-45	-50	-45	-32	-48	-41	-35	-30	-30	-25
price expectations	+75	+25	+8	-1	-11	-13	-13	-10	-6	-9	-5	-7	-7	-5	-1
construction confidence indicator (a)	+9	-36	-47	-49	-57	-60	-61	-57	-49	-60	-52	-49	-48	-49	-46
D order-books	-17	-84	-61	-73	-60	-54	-59	-70	-73	-72	-68	-73	-74	-73	-74
employment expectations	+10	-60	-35	-44	-20	-20	-27	-36	-41	-36	-38	-38	-42	-43	-48
price expectations	+48	-37	-41	-28	+3	+11	3	-22	-12	-27	-21	-19	-20	-19	-19
construction confidence indicator (a)	-4	-72	-48	-59	-40	-37	-43	-53	-57	-54	-53	-56	-58	-58	-61
F order-books	:	:	-48	-62	-66	-72	-69	-73	-69	:	:	-69	:	:	-60
employment expectations	:	:	-24	-35	-37	-41	-47	-47	-43	:	:	-43	:	:	-43
construction confidence indicator (a)	:	:	-36	-49	-52	-57	-58	-60	-56	:	:	-56	:	:	-52
I order-books	-25	-68	-29	-44	-48	-42	-45	-45	-37	-43	-48	-34	-35	-41	-33
employment expectations	+10	-44	-7	-13	-23	-27	-23	-20	-15	-24	-12	-14	-16	-16	-10
price expectations	+85	+30	+71	+54	+14	+12	+13	+8	+9	+5	+9	+18	+5	+5	+6
construction confidence indicator (a)	-8	-56	-18	-29	-36	-35	-34	-33	-26	-34	-30	-24	-26	-29	-22
L order-books	+21	-50	-21	-46	-53	-58	-75	-73	-59	-70	-69	-63	-58	-56	-59
employment expectations	+31	-39	-6	-25	-36	-40	-67	-49	-46	-48	-54	-49	-40	-50	-42
price expectations	+82	+11	+30	+17	-16	-25	-33	-33	-20	-28	-22	-26	-19	-16	-5
construction confidence indicator (a)	+26	-45	-14	-36	-45	-49	-71	-61	-53	-59	-62	-56	-49	-53	-51
NL order-books	-8	-81	-50	-57	-55	-48	-47	-40	-38	-40	-36	-38	-38	-38	-37
employment expectations	+14	-13	-14	-25	-14	-5	-7	-5	-4	-6	-3	-4	-5	-6	-4
construction confidence indicator (a)	+3	-47	-32	-41	-35	-27	-27	-23	-21	-23	-20	-21	-22	-22	-21
UK order-books	:	:	-60	-59	-48	-47	-43	-47	-43	:	:	-43	:	:	-37
employment expectations	:	:	-42	-25	-12	-9	-12	-12	-9	:	:	-9	:	:	-9
price expectations	:	:	-16	0	+11	+12	+14	+7	+6	:	:	+6	:	:	+7
construction confidence indicator (a)	:	:	-51	-42	-30	-28	-28	-30	-26	:	:	-26	:	:	-23
EC order-books	:	:	-51	-61	-57	-55	-56	-60	-57	(-61)	(-60)	-57	(-57)	(-58)	-53
employment expectations	:	:	-28	-24	-24	-24	-28	-30	-29	(-31)	(-29)	-27	(-29)	(-30)	-29
construction confidence indicator (a)	:	:	-39	-43	-41	-40	-42	-45	-43	(-46)	(-45)	-42	(-43)	(-44)	-41

(a) The indicator is an average of the responses (net balances) to the questions on order-books and employment expectations.

(b) Details of the questions are given below.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated; the seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1982. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

QUESTIONS

Manufacturing industry, excluding food, beverages and tobacco

Monthly :

- estimate of production trend in recent months : up, unchanged, down?
- order-books : above normal, normal, below normal?
- export order-books : above normal, normal, below normal?
- stocks of finished products : above normal, normal, below normal?
- production expectations for the months ahead : up, unchanged, down?
- selling price expectations in the months ahead : up, unchanged, down?

Quarterly (January, April, July and October) :

- employment expectations for the months ahead : up, unchanged, down?
- limits to production : none, insufficient demand, shortage of labour, lack of equipment?
- production capacity : more than sufficient, sufficient, not sufficient?
- duration of assured production : in months?
- new orders in the recent past : up, unchanged, down?
- export volume expectations for the months ahead : up, unchanged, down?
- capacity utilization : in %?
- stocks of raw materials : high, normal, low?

All industries, including manufacturing, extractive and food

Half-yearly (undertaken in March/April and October/November) :

- investment trends and prospects : yearly percentage change of investment expenditure in current money values.

Building industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly) :

- current production compared with the preceding month : up, unchanged, down?
- factors holding up production : bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules : above normal, normal, below normal?
- employment expectations for the months ahead : up, unchanged, down?
- price expectations in the months ahead : up, unchanged, down?

Quarterly (January, April, July and October) :

- duration of assured production : in months?

The surveys are undertaken by :

- B** — Belgium : Banque Nationale de Belgique
- DK** — Denmark : Danmarks Statistik
- D** — Federal Republic of Germany : IFO (Institut für Wirtschaftsforschung)
- GR** — Greece : Institute of Economic and Industrial Research
- F** — France : INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL** — Ireland : CII (Confederation of Irish Industries) and ESRI (Economic and Social Research Institute)
- I** — Italy : ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- L** — Luxembourg : STATEC (Service Central de la Statistique et des Etudes Economiques)
- NL** — Netherlands : CBS (Centraal Bureau voor de Statistiek)
- UK** — United Kingdom : CBI (Confederation of British Industry), for the manufacturing industry survey
— BSO (Business Statistics Office), for the investment survey
— Building Employers Confederation, for the construction survey.

The surveys of manufacturing industry are broken down by 20 industrial sectors, and also by consumer, intermediate and capital goods branches : the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to *European Economy*.

ECONOMIC SENTIMENT INDICATOR

The economic sentiment indicator is a composite measure in which the industrial confidence indicator and the consumer confidence indicator are given equal weight, while the construction confidence indicator (an average of two series of the EC survey of the construction industry, namely employment expectations and judgments on the level of order-books) and the share price index are attributed half the weight of each of the other two. The share price index is included in the composite indicator in ratio-to-trend form, in order to separate short-term or cyclical variations from long-term increases in the real and nominal value of stocks and shares. The long-term trend of the series is calculated using the NBER Bry-Boschan growth cycle programme. For a fuller description of the economic sentiment indicator and its components, see the technical note in the November 1982 issue of this Supplement.

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